

AUDIT AND RISK ASSURANCE COMMITTEE ROLE DESCRIPTION

ORDINARY MEMBERS - (INCLUDING THE DEPUTY CHAIR)

INTRODUCTION

The Audit and Risk Assurance Committee (ARAC) support the Trustee Board (TB) by providing independent, objective oversight of the Institution's governance, risk management, internal control, assurance and audit arrangements. ARAC reviews the comprehensiveness, reliability and integrity of assurances across the Institution (including subsidiaries), ensuring that:

- Governance and internal control frameworks are effective and well-designed.
- Significant risks are identified, assessed, managed and monitored appropriately.
- Financial and non-financial information is accurate, transparent and complete, including the Annual Report and Accounts.
- Internal audit and external audit arrangements provide high-quality, independent assurance in line with applicable professional standards.
- Key areas of compliance, including fraud, whistleblowing, legal obligations and ethical standards, are monitored and supported by effective controls.

RESPONSIBILITIES - DUTIES OF AUDIT & RISK ASSURANCE COMMITTEE MEMBERS

The Audit & Risk Assurance Committee's full responsibilities are set out in the ARAC Terms of Reference. An overview of ARAC's duties is listed below:

1. Assurance over Governance, Risk Management and Internal control

Review and challenge assurances across governance, risk management and internal control. Assess the effectiveness of governance and internal control framework to support delivery of the Institution's strategic objectives.

2. Risk Management and emerging risk oversight

Review the effectiveness of the Institution's risk management framework. Examine the Corporate Risk Register at least quarterly, assessing the quality of risk identification, scoring, mitigation and escalation.

3. Internal Audit

Approve the internal audit charter, mandate, annual internal audit plan and resource allocation, ensuring alignment with strategic objectives, risk exposure and the requirements of the Global Internal Audit Standards (GIAS). Review internal audit reports.

4. External Audit

Oversee the appointment, re-appointment, independence, performance and remuneration of the statutory external auditors. Review the external audit strategy, audit plan, major findings, management letters and areas of significant judgement.

5. Financial and Non-Financial Reporting Integrity

Review the integrity, completeness and reliability of financial and non-financial reporting, including the Annual Report and Accounts. Advise the Trustee Board on whether the Annual Report and Accounts are suitable for their approval.

6. Counter fraud, whistleblowing and compliance

Review the adequacy and effectiveness of anti-fraud controls, counter-fraud policies,

whistleblowing arrangements and compliance systems.

7. Insurance, Health & Safety, Business Continuity and Other risk domains

Monitor the effectiveness of insurance and resilience measures. Review biannual Health & Safety assurance reports as part of its responsibilities for compliance oversight. Review business continuity, cyber security, data governance and emerging risk areas.

8. Assurance on major projects, transformation and organisational change

Oversee the adequacy of governance, risk management and assurance arrangements for major initiatives, transformation programmes or operational changes that could materially affect the Institution's risk profile, including those operating their own risk or assurance processes.

9. Assurance reporting to the Trustee Board

Provide clear, timely and evidence-based assurance reports to the Trustee Board after each meeting.

10. Committee effectiveness and Assurance culture

Maintain and continuously improve the effectiveness and independence of ARAC, including annual effectiveness reviews and periodic external evaluations.

11. Oversight of other Governance boards and Operational boards

Reviewing the Minutes of Meeting of other governance and operational committee meetings as required by the ARAC Chair, to provide insight into risks and issues in other areas of the organisation. Linking with the Chairs of these other committees as required to constructively challenge any resultant risks and their mitigating actions. Each Member of the ARAC will usually be allocated two such committees each.

COMMITTEE MEMBER PERSON SPECIFICATION

A Committee member's role is to fully participate in the discharge of all Committee functions, as set out in its Terms of Reference, including attending meetings. Members of the committee will ideally have a combination of the following attributes – bearing in mind that it would be rare to find all the skills in one person. The first skill and those committing to interpersonal skills and IMechE's ethical norms are a must:

1. Experience in one or more of the following areas: Audit, risk management, finance/accounting, governance, or compliance.
2. Financially literate and numerate.
3. The ability to think strategically and provide independent, objective challenge.
4. Excellent communication and influencing skills.
5. The ability to understand complex issues and the importance of accountability and probity in the charitable sector.
6. Analytical - capable of working through conflicting information and viewpoints, competing priorities and of seeing a way forward.
7. Well-informed:
 - Aware of the challenges facing engineering and engineering organisations.
 - Familiar with business, accounting, audit, governance, and/or institutional structures.
 - Risk analysis and/or reviews and management of risk.
 - Some understanding of the international perspective.
8. Maintain the highest level of integrity, accountability and honesty in the actions of the Committee.
9. Able to take a broad perspective of the Institution and beyond.

10. Work well with others, particularly Audit & Risk Assurance colleagues and staff of the Institution.
11. A commitment to best governance practices.

12 Deputy Chair – Additional requirements

- Corporate member (Fellow preferred) of the Institution, able to demonstrate substantial technical and commercial leadership experience in a senior business role.

COMMITMENT

ARAC members are required to commit to the following:

- Work within the Institution's Values, Behaviours and Code of Conduct.
- Act with integrity, self-reporting conflicts of interest.
- Exercise independent judgement for the benefit of the Institution as a whole.
- Challenge colleagues appropriately.
- Research thoroughly and compile written material when required.

TERM OF OFFICE AND OBLIGATIONS

- Ordinary Members will have a term of up to 3 years, which could be extended to a second term of 3 years.
- The ARAC will meet at least 5 times per year. Meetings will be face-to-face, virtual or hybrid, with at least one being face-to-face. Committee members are required to attend at least 4 out of 5 meetings per year.
- Additional meetings, including virtual sessions, could also be arranged if required at busy times or to sign off the Annual Report and Accounts. Appropriate notice will be given.
- Candidates must have sufficient availability of time to devote to the responsibilities outlined in the role description above. Our current estimate is that this will amount to 6 to 10 days of volunteer time per year as a minimum.
- ARAC members will undertake inductions, training and refreshers as required to maintain the skills and knowledge criteria for their roles and the broader capabilities and effectiveness of the committee.